Government of Maharashtra

Annual Administration Report

UNDER THE

BOMBAY MONEY LENDERS ACT, 1946

FOR THE PART OF THE YEAR 1959-60

i. e. For the period from 1-5-1960 to 31-7-1960

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CHAPTER—I

ADMINISTRATION

The Bombay Money Lenders (Unification and Amendment) Act, 1959 came into force in the 13 districts of the pre-reorganised Bombay State now forming part of Maharashtra State with effect from 24th December 1959. The unified Act was further made applicable to the Vidarbha and Marathwada areas consisting of 13 districts with effect from 1st February 1960.

Registrar General of Money Lenders:

The responsibility for the overall supervision, control and general administration of the Bombay Money Lenders Act, 1946, devolved on the Registrar of Co-operative Societies and Director of Agricultural Marketing and Rural Finance, Maharashtra State, who was also appointed as the Registrar General of Money Lenders under the Act. The charge of Registrar General of Money Lenders was held by the following officers during the period under report:—

(1) Dr. A. U. Shaikh upto 22nd April 1960.

(2) Shri L. N. Bongirwar, 5th May 1960 onwards.

Personal Assistant to the Registrar General of Money Lenders:

Shri T. A. Pratinidhi, B.A., LL.B., Registrar of Money Lenders, Poona, held the charge of Personal Assistant to the Registrar General of Money Lenders throughout the period under report in addition to his own duties as the Registrar of Money Lenders, Poona Division, Poona.

Registrars and Assistant Registrars of Money Lenders:

The period under report was the latter part of the third year of operation of the Act. The reorganised administrative set up for implementation of the Bombay Money Lenders Act, 1946 came into force consequent on recommendations of the Committee of Direction formed by the Reserve Bank of India contained in its All India Rural

Credit Survey Report 1954-55. (*Vide* Government Resolution, Industries and Co-operation Department No. MLA-1256/11943-C, dated 23rd March 1957). The additional staff appointed consequent upon reorganisation of the administrative set up of Money Lenders section was further continued during the period under report. Further additional gazetted and non-gazetted staff was sanctioned under Government Resolution, Industries and Co-operation Department No. P-7/78864-MWH, dated 17th September 1959 for enforcement of the Unified Money Lenders Act in the component parts of Vidarbha and Marathwada. The additional posts sanctioned for administration of the Bombay Money Lenders Act during the period under report were as follows.—

Posts	*Grade* (Rs.)
2 posts of Registrars of Money Lenders.	695—875
3 posts of Registrars of Money Lenders	359—650
11 posts of Assistant Registrars of Money Lenders.	250—400
33 posts of Inspectors of Money Lenders.	150—10—200
1 post of Head Clerk in the Head Office.	150—10—200
9 posts of Senior Clerks.	100—8—140
83 posts of Junior Clerks.	46—130
48 posts of Peons.	30—35
33 posts of attendants.	45 per month (fixed).

CHAPTER—II

Operation of the Act

The number of applications both for grant as well as renewal pending as on 1st May 1960 was 2686. During the period under report 3,200 applications both for grant and renewal were received. The actual No. of licences which were granted and renewed were respectively 406 and 2855. Besides these there were 112 cases in which the applications were either filed, withdrawn or dismissed. There were also 4 applications from Umbargaon taluka, district Thana which had to be transferred to Gujrat State as that area was transferred to Gujrat State consequent on the reorganisation of the Bombay State. Thus the total No. of applications disposed of during the period under report works out to 3373 leaving a balance of 2509 applications pending disposal as on 31st July 1960. The reasons for pendency of a large number of applications for licences may be summarised as under:—

(1) Some of the money lenders were not available for summary inquiry for one reason or the other.

(2) Almost all the pending applications were from Vidarbha and Marathawada areas and especially from Akola, Yeotmal, Buldhana, Amravati, Aurangabad, Parbhani, Bhir and Osmanabad districts. In the initial stage of enforcement of the Bombay Money Lenders Act in the Vidarbha and Marathwada areas, as the Money Lenders from those areas were not conversant with the provisions under the Act and the consequences of the contraventions thereunder Government desired that the technical contraventions made by the money lenders in these areas should be attended leniently.

2. During the year ending 31st July 1960, 799 money lenders, who held licences during the previous year did not renew the same. The reasons for non-renewal might be attributed to the following circumstances:—

(i) Some of the money lenders actually stopped their money lending business.

(ii) The credit needs of the agriculturists were increasingly being met by the co-operative sector and by Government in the form of Tagai loans.

3. Licences were refused in 25 cases during the period under report and steps were taken to launch prosecutions against the defaulting money lenders wherever necessary. No licence was cancelled under Section 8-A or suspended under Section 14 of the Act.

4. The following are some of the salient features of administration of the Bombay Money Lenders Act, 1946, during the period under report.

(i) During the said period no suits were stayed by the Courts under section 10 of the Act and money lenders asked to produce licences under section 11 thereof.

(ii) No application was filed in the Court under section 30 of the Act. No application was also filed under section 31 of the Act.

5. The Inspectors of Money lenders were required to tour on an average 18 days in a month in their respective districts. Although some more time was required for assessing the overall effect of the delegation of powers under section 13-A of the Act to the Inspectors of Moneylenders, the results so far achieved in this respect were encouraging.

Complaints:

6. During the period under report, the Inspectors of Moneylenders attended 104 complaints including those received prior to the period under report and contacted 662 debtors to verify correctness of the allegations made therein and to collect evidence to bring the defaulting moneylenders to book.

7. A general review of the figures of complaints received by the officers of the administration from the public shows that the public have become increasingly aware of the material provisions of the Act. The periodical visits by the Inspectors of Moneylenders as well as surprise check of accounts of Moneylenders have been found helpful in checking the *mala fide* activities of some of the moneylenders to an appreciable extent.

8. The Inspectors of Moneylenders (except at Bombay) toured for 930 days during the period under report. [As the post of Inspector of Moneylenders, Osmanabad was vacant during the period under report, nill touring is shown in that district.] The standard of touring of Inspectors of Moneylenders in a majority of the districts in Vidarbha and Marathwada areas could not be upto the mark, as the incumbents of the posts had joined there just before the period

under report after completing their training for 6 weeks and as such much of their time was spent in taking over charge of the records from the authorities administering the Moneylenders Acts obtaining in those areas prior to enforcement of the Bombay Moneylenders (Unification and Amendment) Act, 1959.

9. Instructions were issued to the departmental officers of the districts in which there were factories and mills to keep a constant vigilant periodical watch on the paydays to prevent harassment of debtors mostly concentrated in big cities, by Pathans and other unscrupulous moneylenders. This work has by and large been attended to in Bombay, Poona and Sholapur.

10. In all 28 cases of illicit moneylending business were detected by the staff during the period under report.

Rates of Interest :

11. The Moneylenders are not allowed to charge interest exceeding 9 percent per annum on secured loans and 12 percent per annum on unsecured loans. Further, the moneylenders are allowed to charge Re. 1/- per debtor per year if the total interest chargeable within the prescribed limits in respect of the loans advanced during a year amounted to less than a rupee.

12. The Moneylenders from Vidarbha area as well as from Bombay city clamoured for revision in the rates of interest. However, Government did not consider it necessary to revise the rates of interest referred to above during the period in question.

Maintenance of Accounts :

13. A licensed moneylender is required to maintain his accounts in the prescribed forms and to issue loan statements and annual statements of accounts under sections 18 and 19 of the Act. It was ensured by the officers of the administration that the licenced moneylenders did maintain accounts of their moneylending business in the prescribed forms Nos. 4 and 7 or 5 and 6.

14. The provisions under section 35-C of the Act empowering the Registrar of Moneylenders to compound technical offences under sections 18 and 19 thereof was found to have proved quite useful, as it saved much labour in collecting and recording evidence for preparing cases for launching prosecutions in Courts and attending them from time to time involving diversion of the administrative staff from their normal duties.

Amendment to the Act:

15. No amendments to the Bombay Moneylenders Act and Rules thereunder were made during the period under report.

Transactions of money-lenders :

16. The licensed money-lenders not exempted under section 22 of the Act advanced Rs. 2,84,97,942 to traders and Rs. 5,16,51,295 to persons other than traders, while the licensed money-lenders exempted under section 22 advanced Rs. 2,18,43,743 to traders and Rs. 33,78,199 to persons other than traders during the period under report. Thus the licensed money-lenders served the credit needs to the tune of Rs. 10,53,71,179, out of which the total loans to persons other than traders amounted to Rs. 5,50,29,494. As the position relates to the last quarter of the year only (from 1-5-1960 to 31-7-1960), it is not feasible to take a comparative review in regard to the position obtaining in this respect in the past. However, it may be mentioned that during the first three quarters of the year 1959-1960, a total finance to the tune of Rs. 22 crores approximately was made available by the private sector (registered moneylenders) thus making a total contribution of Rs. 32 crores during the whole year 1959-60 in Maharashtra State alone as against Rs. 29·37 crores advanced by the Co-operative Sector during the said year.

Tagavi loans:

17. Tagavi loans to the extent of Rs. 2,47,34,300 were advanced during the period under report out of which Rs. 1,11,42,796 were for digging of wells, Rs. 70,55,534 for other land improvement and Rs. 65,35,970 for purchase of bullocks. Thus the licensed moneylenders advanced 5 times the amount of the loans advanced by way of Tagavi by Government.

Prosecutions:

18. There were 150 prosecution cases pending as on 1-5-1960 and 25 prosecution cases were launched during the period from 1-5-1960 to 31-7-1960. Out of these, forty cases were decided during the period under report, leaging a balance of 135 cases pending as on 31-7-1960. Out of these cases, 32 ended in conviction while 8 cases in acquittal. The total amount of fine realised during the period under report amounted to Rs. 1,310/-. As already stated in paragraph 14 above, the technical offences under sections 18 and 19 of

the Act were since made compoundable. As such, technical contraventions were dealt with outside the courts and composition fees recovered according to the nature of each case. This partly accounts for fall in the number of prosecution cases under the B. M. L. Act.

Special measures for protection of Backward Class people:

19. The problem of indebtedness among the Backward Class people in rural areas of most of the districts has been receiving serious attention of Government. During the period under report, all the complaints which were received from the Backward Class people against the moneylenders were attended to promptly and necessary enquiries made therein.

20. It was proposed to take a sample survey in the Adiwasi areas of Marathawada region regarding indebtendness of Adiwasis and proposals regarding sanction of special inspectorial staff for the purpose were submitted to Government. However, the survey could not be undertaken before the close of the year.

Visits under section 13-A of the Act and Inspection of Accounts by Inspectors of Moneylenders and Assistant Registrars of Moneylenders:

21. During the period under report, the Inspectors of Moneylenders and Assistant Registrars of Moneylenders, paid 650 and 46 visits respectively to the business premises of moneylenders under section 13-A of the Act. While judging the work done in this respect, the facts that the Officers had to face organised opposition to the collection of documentary evidence regarding illicit moneylending business at the hands of unsocial elements, especially in cities like Bombay, Sholapur etc. cannot be lost sight of.

22. The Inspectors of Moneylenders inspected 1749 accounts of Moneylenders while the Assistant Registrars of Moneylenders inspected 1873 accounts during tthe period under report. Further inspection of accounts was carried out in 141 cases by the Registrars of Moneylenders. 28 cases of illicit money-lending business were detected by the Officers of the Moneylending administration while 3 cases of this nature were detected by the police.

23. The Police filed 11 cases in courts against money-lenders as the offence of doing money-lending business without a licence had

since been made cognizable. The accused were convicted in all the 6 cases decided by Courts and 10 cases were pending investigation with the Police as on 31-7-1960.

Inspection of the offices of Registrars and Assistant Registrars:

24. The marginally noted Offices were inspected during the period under report. The Inspections of these Offices were carried out by the Personal Assistant to the Registrar General. Consequent upon proposed formation of the separate Maharashtra and Gujarat States, the work of allocation of staff of the Moneylending Section to these States, and duplication of records had to be finalised expeditiously with the limited staff available and hence it was not possible to do full justice to the administration of the Act as such.

1)	Registrar, Moneylenders, Nasik.	
2)	Asstt. Registrar, Moneylenders, Nasik.	
3)	-do-	Jalgaon.
4)	-do-	Dhulia.

25. The inspection of the above Offices revealed that even though the work done by the special staff was upto the mark, much more work remained to be done especially for exercising proper vigilance over the surreptitious practices of unscrupulous moneylenders. The difficulties experienced by the staff at the district and divisional levels were also solved personally by discussion during the course of inspection.

Cost of Establishment:

26. During the period under report the department incurred expenditure of Rs. 64,645/- approximately over the Gazetted and non-Gazetted Staff, whereas the income accrued amounted to Rs. 16,000/-. An amount of Rs. 1,310/- was realised by way of fines imposed by Courts for contraventions of the Bombay Moneylenders Act. This amount was, however, credited to the head of account "XXI-Administration of Justice".

Cases of departmental enquiries, suspensions etc.

No case of this nature occurred during the period under report.

CHAPTER-III

General Review :

The Bombay Moneylenders (Unification and Amendment) Act, 1959 was enforced in the pre-reorganised Bombay State, w. e. f. 24-12-1959 and in the component parts of Vidarbha and Marathwada, with effect from 1-2-1960. The special Gazetted Staff sanctioned for this purpose could not be appointed during the period under report. The trained Inspectors of Moneylenders, however, joined their postings in the component parts towards the fag end of the year. Besides, a number of difficulties were experienced by the staff in the component parts in implementing the provisions of the Act, as the provisions in the repealed Moneylenders Acts in force in those areas in the past had to be kept in view.

2. In the earlier stages, the administrative staff was engaged in taking over charge of the past records from the concerned authorities viz. the Registration Department Officers in Vidarbha region and the Revenue Officers in the Marathwada region. Officers of the Moneylenders administration were required to explain to the public at large duties of the moneylenders and rights of debtors under the B. M. L. Act to ensure proper and smooth implementation of the Act in those areas. The Special gazetted staff sanctioned for this purpose could not be appointed, as stated above and, therefore, the Officers of the Co-operative Department had to hold the charge of the posts of Registrars and Asstt. Registrars of Moneylenders in addition to their own duties.

3. Thus the period under report might be termed as the period of preparing the ground for proper administration of the Act in the component parts of the Maharashtra State.

4. In view of the fact that the period covered by this report is a broken period viz. of 3 months, it is not feasible to compare the progress made during the period under report with that recorded in the past licensing years. However, efforts are being made to achieve the objectives under-lying this piece of Welfare legislation in the following directions :-

1) Control and regulation over the business of licensed moneylenders.

2) To bring to book all instances of illicit moneylending business by exercising more vigilance.

3) To make the debtors aware of their rights and responsibilities under the Act.

4) To render assistance to the debtors to prevent their exploitation by the moneylenders.

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